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**INNOVATIVE ENDEAVORS, INC.
d/b/a PROJECT ALERT**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

**Bruno
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

Release Date OCT 20 1999

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Innovative Endeavors, Inc.
d/b/a Project Alert
New Orleans, LA

We have audited the accompanying statement of financial position of **Innovative Endeavors, Inc. d/b/a Project Alert (IEI)** as of June 30, 1999, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of **IEI's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **IEI** as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Innovative Endeavors, Inc.
d/b/a Project Alert
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 1999 on our consideration of **IEI's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 3, 1999

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999

ASSETS

Cash and cash equivalents (NOTE 2)	<u>\$3,400</u>
Total assets	<u>\$3,400</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	<u>\$3,400</u>
Total liabilities	<u>3,400</u>
Net Assets:	
Unrestricted net assets	<u>-0-</u>
Total net assets	<u>-0-</u>
Total liabilities and net assets	<u>\$3,400</u>

The accompanying notes are an integral part of these financial statements.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1999

Support:		
Grant-Office of Urban Affairs and Development, State of Louisiana		<u>\$235,000</u>
Total support		<u>235,000</u>
Expenses:		
Programs services		127,444
Management and general		<u>107,556</u>
Total expenses		<u>235,000</u>
Change in unrestricted net assets		<u>-0-</u>
Net unrestricted assets, beginning of year		<u>-0-</u>
Net unrestricted assets, end of year		<u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,1999

Cashflow from Operating Activities:	
Change in net unrestricted assets	\$ -0-
Changes in assets and liabilities	<u>-0-</u>
Net cash provided by operating activities	<u>-0-</u>
Increase in cash and cash equivalents	<u>-0-</u>
Cash and cash equivalents, beginning of year	<u>3,400</u>
Cash and cash equivalents, end of year	<u><u>\$3,400</u></u>
Interest expense paid	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries and wages	\$ 77,354	\$ 96,152	\$173,506
Employee benefits and payroll taxes	5,924	7,395	13,319
Student stipends	16,326	-0-	16,326
Supplies	2,638	464	3,102
Postage and shipping	-0-	145	145
Occupancy	17,407	-0-	17,407
Insurance	2,473	-0-	2,473
Equipment	4,421	-0-	4,421
Professional fees	-0-	3,400	3,400
Other expenses	<u>901</u>	<u>-0-</u>	<u>901</u>
 Total expenses	 <u>\$127,444</u>	 <u>\$107,556</u>	 <u>\$235,000</u>

The accompanying notes are an integral part of these financial statements.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - BACKGROUND AND GENERAL DATA:

Innovative Endeavors, Inc. (IEI) was established on August 10, 1993. **IEI** is a non-profit corporation under the provisions of Section 501(c)(3) of the Internal Revenue Code. The services offered by **IEI** include providing training and treatment to seventh and eighth grade students from George Washington Carver Junior Senior High School as well as an interactive introduction in the use of computers through both classroom theory and laboratory practice. These services are provided on the campus of Southern University at New Orleans, Louisiana.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Accounting

The financial statements of **IEI** are prepared in accordance with generally accepted accounting principles, and are prepared on the accrual basis.

Cash and Temporary Cash Equivalents

For purposes of the statement of cashflows, **IEI** considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Funding

IEI receives its funding through support from the State of Louisiana.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED):

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

Contribution of services is recognized if the services received create or enhance nonfinancial assets or require specialized skills, and would typically need to be purchased if not provided by donation. Contributed services for the year ended June 30, 1999 was \$-0-.

Financial Statement Presentation

In June 1993, the Financial Accounting Standards Board (FASB) issued two (2) pronouncements: Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made and SFAS No. 117, Financial Statements of Not-for-Profit Organizations.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED):

Financial Statement Presentation, Continued

Under SFAS No. 116, **IEI** must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value.

Under SFAS No. 117, **IEI** is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As such, the financial statements are presented on the basis of unrestricted net assets. In addition **IEI** is required to present a statement of cash flows.

NOTE 3 - INCOME TAX STATUS:

IEI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. **IEI** has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - RISK MANAGEMENT:

IEI is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, for which IEI carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 5 - FAIR VALUES OF FINANCIAL INSTRUMENTS:

The estimated fair values of IEI's financial instruments have been determined by IEI using available market information and appropriate valuation methodologies as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash	\$ <u>3,400</u>	\$ <u>3,400</u>
Accounts payable	\$ <u>3,400</u>	\$ <u>3,400</u>

NOTE 6 - CONCENTRATION OF RISK:

The primary funding source for IEI is through the State of Louisiana's Office of Urban Affairs and Development. If the amount of funding received from the State falls below critical levels, IEI's operating results could be adversely affected.

NOTE 7 - EQUIPMENT, FURNITURE AND FIXTURES:

Under its contractual agreement with the State of Louisiana, all equipment purchases revert to the State of Louisiana at termination of contract. Currently, IEI has custodial control and utilizes the equipment purchased in its training services. All equipment, furniture and fixtures are expensed in the year acquired. At June 30, 1999 cumulative cost of the purchases approximates \$47,000.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Innovative Endeavors, Inc.
d/b/a Project Alert
New Orleans LA

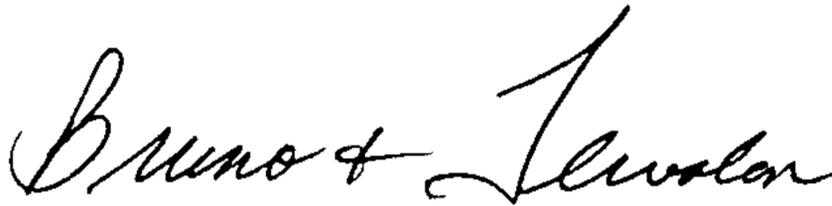
Our report on our audit of the basic financial statements of **Innovative Endeavors, Inc. d/b/a Project Alert (IEI)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as whole.

The accompanying disclosure Year 2000 Issues is presented in accordance with the requirements of Governmental Accounting Standards Board Technical Bulletin 99-1 Disclosures about Year 2000 Issues - an amendment of Technical Bulletin 98-1. We have applied certain limited procedures which consisted primarily of inquiries of management regarding the stages of assessment and presentation of the supplementary information.

We did not audit the Year 2000 Disclosure information and, as such, do not express an opinion on it.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

Also, because of the unprecedented nature of the Year 2000 Issues and its effects, the success of related remediation efforts will not be fully determinable until Year 2000 and thereafter. Management cannot assure that IEI is, or will be Year 2000 ready, that its remediation efforts will be successful in whole, or in part, or that parties with whom IEI does business will be Year 2000 ready.



**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

September 3, 1999

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
YEAR 2000 DISCLOSURE ISSUES

The Year 2000 Issues is the result of short comings in many electronic data processing systems and other electronic equipment that may adversely affect **IEI's** operations.

IEI has completed an inventory of its computer systems and other electronic equipment that may be affected by the Year 2000 Issues and that are necessary to conducting **IEI's** operations. **IEI** has identified such systems as being financial and accounting reporting, payroll, and employee benefits.

Overall, **IEI** has undertaken and completed its awareness, assessment, and remediation stages of the Year 2000 preparedness process. Currently, **IEI** has upgraded or updated the necessary systems and equipment to be Year 2000 compliant. The valuation/testing stage is ongoing.

& Tervalon

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Innovative Endeavors, Inc.
d/b/a Project Alert
New Orleans, LA

We have audited the financial statements of **Innovative Endeavors, Inc. d/b/a Project Alert (IEI)** as of and for the year ended June 30, 1999, and have issued our report thereon dated September 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **IEI's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Internal Control Over Financial Reporting

In planning and performing our audit, we considered IEI's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, State funding agency, and Legislative Auditor of the State of Louisiana and is not intended to, and should not be used by anyone other than these specified parties.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 3, 1999

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1999

b. Federal Awards, Continued

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

N/A*

c. Identification of Major Programs:

N/A*

Dollar threshold used to distinguish between
Type A and Type B Programs:

N/A*

Is the auditee a 'low-risk' auditee, as defined by
OMB Circular A-133?

N/A*

Section II: Financial Statements Findings

There were no matters reported resulting from internal control and compliance audit material to the financial statements.

Section III: Federal Award Findings and Questioned Costs

There were no federal awards.

*N/A - Non-applicable

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1999

Section IV: Status of Prior Year Finding

<u>REFERENCE NUMBER</u>	<u>DESCRIPTION</u>	<u>STATUS</u>		
		<u>FULLY CORRECTED</u>	<u>PARTIALLY CORRECTED</u>	<u>NOT CORRECTED</u>
98-1	Year 2000 Compliance		X	

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert

EXIT CONFERENCE

The contents of this report were discussed with management in agreement at an exit conference held on Friday, October 1, 1999 and attended by:

INNOVATIVE ENDEAVORS, INC.

Mr. Salvatore Becnel	-	Executive Director
Mr. Bart J. Moore	-	Assistant Director

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA	-	Partner
Mr. Paul K. Andoh, Sr., CPA	-	Senior Manager